

Tauākī whakamaunga āta **Statement of Performance** **Expectations**

FOR THE YEAR ENDING 30 JUNE 2022





Ngā Ihirangi

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Nā te Mana Ahungarua

From the Retirement Commissioner

This Statement of Performance Expectations reflects the proposed performance targets and forecast financial information for Te Ara Ahunga Ora Retirement Commission. It is produced in accordance with s149E of the Crown Entities Act 2004. Our Crown funding is received as a single appropriation - Commerce and Consumer Affairs: Retirement Commissioner.

The forecast financial statements and underlying assumptions in this document have been authorised by the Retirement Commissioner in her role under the Crown Entities Act 2004. It is not intended to update the forecast financial statements subsequent to presentation.



Jane Wrightson

Mana Ahungarua
Retirement Commissioner

June 2021





He karapa ki te tau kei te tū mai

The Year Ahead at a Glance



Our vision

Everyone retires with confidence



Retirement policy

-  Convene an Older Persons' Forum in 2021 to assist in developing the terms of reference for the triennial Review of Retirement Income Policies, to be conducted in 2022
-  Lead retirement policy thinking by issuing papers on NZ Superannuation, KiwiSaver, and the position of Māori in retirement. Facilitate effective discussion across wider government

Retirement villages

-  Following the release of the Retirement Villages white paper in December 2020 and subsequent consultation, deliver a final report to Government in 2021 and seek action
-  Extend our policy focus to the needs of older people in housing arrangements other than retirement villages, so we have a broader view of issues and opportunities

Financial capability

-  Support the new National Strategy for Financial Capability with engaged partners and clear progress measures
-  Focus Sorted financial capability efforts on younger New Zealanders, specifically Māori, Pacific Peoples and women

Organisational health and capability

-  Ensure new team values, developed by our people, guide us in our conduct and in our workplace:



Kia manawanui

Let us be big hearted



Me hoe tahi

We paddle as one



E tipu, e rea

We grab the best of both worlds to flourish



He taonga te pono

We treasure truth

Te wāhi ki a mātou

Our Role

Te Ara Ahunga Ora's mission is to help improve retirement outcomes for New Zealanders. Our role is to work with the many different parts of government that contribute to retirement outcomes, to advocate for improvements, and to scrutinise the impact of changes.

Our Statement of Intent 2021-2024 sets out our high-level strategy for the next four years. Our goals for retirement policy, retirement villages and financial capability are framed by three core objectives: trusted information, informed advocacy, and effective collaboration.

This Statement of Performance Expectations sets out our operating plan for 2021-2022. As we consider the post-COVID environment we have been debating the fundamental purpose of our small organisation, spread as it is over multiple activities. Our statutory responsibilities¹ give us operating instructions, but not a purpose.

Fundamentally, we work to help New Zealanders think long term to improve their financial outcomes. While long-term planning is never easy it can be especially hard for people facing daily challenges and those encountering difficult life events. As a small entity that needs to target its resources carefully, we are choosing to focus on the needs of New Zealanders who we know, through our research, are often less well-served by others. Collaboration will extend our impact. Empowerment is key.

To help frame our work we have now developed a simple purpose statement that will shape our planning and focus our people:

To empower the people of Aotearoa on their journeys to a better retirement.

This clearer purpose will guide our work more precisely. We will use an equity-based lens, meaning a tighter focus on populations needing the most investment of time and energy to achieve dignity and mana in retirement. Aligning with the new National Strategy for Financial Capability, we will concentrate more effort on helping Māori, Pacific Peoples, women, and those with high debt levels and insufficient savings, such as some younger people.

And so we have changed the name of our entity to crystallise our purpose. The 'Commission for Financial Capability', as a name, reflects a crucial aspect of what we do, but not the principal reason we exist. The name Te Ara Ahunga Ora, gifted to us by Professor Pou Temara, acknowledges the state of wellbeing we aspire to and points to the pathway to achieve it.

Te Ara Ahunga Ora Retirement Commission reflects the different journeys we take towards retirement and returns us to our core purpose.

Scope of appropriation

Te Ara Ahunga Ora has a single appropriation and output class – Retirement Services. As encapsulated in the three goals, our statutory responsibilities include:

- improving financial capability
- raising public understanding and reviewing effectiveness of retirement income policies, and
- monitoring the retirement villages operating framework.

See also the Reporting Entity information in the Statement of Underlying Assumptions.

¹ See the Statement of Underlying Assumptions in this SPE for a list of our statutory responsibilities (Reporting Entity)

Aotearoa i ēnei rā

New Zealand Today – Our Environment

‘Retirement’ is a hotly debated word, and its meaning has changed in recent decades. It does not always mean stopping paid work. Perhaps a better question for these times is how people reduce workforce participation to achieve balance with other life contributions. The ability to phase out of paid work requires a level of financial security not all are able to achieve.

We know the proportion of older people in the population is increasing. By 2034, there will be 1.2 million people aged 65+, just over a fifth of all New Zealanders. A number of them will arrive at retirement in poorer financial shape than they might have due to the impact of COVID-19.

Among New Zealanders aged 65-69, 42% still have jobs. More than one in five people aged

70-74 are still working, as are 12% of those aged 75-79. Some work because they want to; others because they need to. For example, 25% of people over 65 are still paying a mortgage or renting.

The **Better Later Life Strategy** by the Office for Seniors notes the makeup of the 65+ population is changing, and the number of older people is increasing across all ethnicities.

What this means is the long-term preparation and the information and advice essential for achieving an adequate standard of living in retirement must be viewed through multiple lenses. Stability of retirement income settings is crucial, as is financial capability knowledge that resonates across multiple populations.

Older population diversity projections 2018 - 2034



637,500 → 928,200

European or other
(including New Zealanders)

48,500 → 109,400

Māori

21,300 → 46,700

Pacific Peoples

59,500 → 171,900

Asian

4,000 → 18,000

Middle Eastern / Latin American / African

As New Zealand emerges from the pandemic, the country faces a number of challenges and opportunities. The global economy is predicted to rebound at a very fast rate, but at such an uneven pace that income inequalities will intensify.² Other trends particularly likely in New Zealand that are relevant to our work include:

- Sectors in which women and young people are over-represented, such as hospitality and tourism, are not expected to recover until international travellers return (and may not recover to pre-COVID levels).
- Personal savings are under pressure as people deal with job loss and income reduction. This is seen in the sharp increase in enquiries about KiwiSaver hardship withdrawals, which would threaten future retirement income.
- Increasing house values may benefit older people with equity, but older renters have few accommodation options as seniors' housing disappears and larger homes are built. People are starting to reach pension eligibility age without being mortgage-free.
- Younger people are facing a new set of financial challenges that previous generations have not experienced – job insecurity combined with rising housing costs, high personal debt (both consumer and student), and a lack of financial capability.
- Māori and Pacific People populations are younger, on average, than the Pākehā population and have birth rates above replacement level, unlike Pākehā. The populations of New Zealanders with Middle Eastern, Latin American or African heritage have grown at faster rates than either Māori or Pākehā. This means that there will be more non-Pākehā young people than Pākehā in the future, which means different systemic approaches will be needed when considering financial capability and retirement.

As we noted last year, until recently most New Zealanders have expected to work hard, pay off a mortgage by retirement age, and live their retired years unencumbered by high housing costs. However, among those reaching NZ Superannuation age in the next 10 years, the rate of home ownership is likely to be around 30% lower than that of current retirees. High housing costs are thought to contribute to increasing hardship in retirement; MSD figures show food grants for those aged 65+ have increased 215% in the past three years.

If New Zealanders are to have equitable retirement outcomes, both within and between generations, then policies need to be carefully crafted and rigorously monitored for what works best.

All this points to the need for a renewed focus on retirement policy, as we signalled in 2020. We need to study both the road to retirement and understand the stories and issues of people in the later part of their lives.



² PWC Outlook 2021: PwC Outlook: The global economy is projected to rebound by early 2022, with the fastest rate recorded in the 21st century - Business Review ([business-review.eu](https://www.pwc.com/business-review))

Tā mātou anga rautaki anga whakatutuki mahi

Our Strategic and Performance Framework

Our strategic framework shows what drives us as an organisation and what we are aiming to achieve. We summarise it, for simplicity, as a plan on a page:

OUR PURPOSE | TĀ MĀTOU PŪTAKE

To empower the people of Aotearoa on their journeys to a better retirement

OUR VISION | TĀ MĀTOU WHAKAKITENGA

Everyone retires with confidence

OUR MISSION | TĀ MĀTOU KAUPAPA MĀTĀMUA

Provide trusted information, informed advocacy and effective collaboration to improve retirement outcomes for all.

OUR OBJECTIVES | TĀ MĀTOU ARONGA



Trusted information



Informed advocacy







Effective collaboration

THREE GOALS | WHĀINGA E TORU

Retirement Policies

What we will do: Advocate for a system that serves the diversity of New Zealanders




How we will do it:

-  Conduct a three-yearly review for government
-  Uncover emerging issues and call for action
-  Promote debate on retirement challenges
-  Drive shared evidence to measure the impact of policy changes

Retirement Villages

What we will do: Oversee a fair regulatory framework




How we will do it:

-  Flag issues and report on sector trends
-  Support dispute resolution
-  Tackle issues through sector collaboration

Financial Capability

What we will do: Promote the importance of long-term thinking

How we will do it:

-  Lead the National Strategy for Financial Capability
-  Supply trusted, independent information through Sorted
-  Equip stakeholders with insights that add value

Te āhua o tā mātou whakatinana i ngā whāinga o te rautaki

How We Deliver Our Strategic objectives

We ensure our goals for retirement policy, retirement villages and financial capability each have a built-in quality dimension with these three objectives:

OBJECTIVE 1

Pārongo e whakaponohia ana



Trusted Information

We provide independent advice, information, and evidence the government and the public can rely on. The extensively researched Sorted suite of products and workshops is a primary service, alongside quality policy and research contributions to discussion of financial capability and retirement issues.

Quality lens

If our information is not trusted our reputation will suffer and our work will not help New Zealanders.

OBJECTIVE 2

Taunaki i runga i te mātau



Informed Advocacy

We promote informed debate about policies that affect retirees, and what it takes to get New Zealanders financially ready for retirement.

We support residents living in retirement villages with regular analysis of complaints data, and advocate for changes to the regulatory system when issues are identified.

Quality lens

If our advocacy is not informed we will be adding heat, not light, to complex debates.

OBJECTIVE 3

Mahi tahi whai tikanga



Effective collaboration

Our independent role overseeing the retirement system means our impact is dependent on collaboration with others. Improved sector collaboration underpins our role in driving the new National Strategy for Financial Capability. Whether we are working with the retirement village sector, other government agencies, or financial service providers, we focus on positive relationships and building consensus to retain successful initiatives and change those that are not.

We also participate as global citizens through the work of the OECD. As a member of the International Network on Financial Education Working Group [INFE] we contribute to shared knowledge and understanding on financial capability and retirement income policy.

Quality lens

If our collaboration is not effective we will misuse resources and waste opportunities to achieve bigger goals.

Te mahi ka mahia e mātou

What We Will Do

The tables below set out what we will do to achieve our objectives, and how we will measure progress.³

Goal 1: Retirement Policies						
Long term goals and measures [SOI]	This year's objective	How we will measure progress	2021/22 target	2020/21 estimated actual	2019/20 actual	Verification source
<p>Provide robust evidence to help future-proof retirement policy and support current and future retirees.</p> <p>Long term impact measures –</p> <p>The number of recommendations accepted by Government or which attract widespread industry or public support</p> <p>Annual dashboard and six-monthly data summaries monitor impact and are accepted as valuable data</p>	Trusted information					
	New Zealand's retirement policy settings are informed by a responsive, ongoing research programme	Publish qualitative and quantitative research reports	2	2	Not applicable	Our website/ research
		Consult with stakeholders then publish a research plan that reflects sector needs	Achieve	Not applicable	Not applicable	Our website/ research
	Informed advocacy					
	New Zealand's retirement income policies are consistent and coherent	Convene an Older Persons' Forum in 2021 ahead of conducting the triennial Retirement Income Policies Review in 2022	Achieve	Not applicable	Not applicable	Our website/ report of proceedings
	Public understanding of retirement policy is enhanced by an annual deep dive on at least one important issue	Research and publish a paper on the impact of retirement settings on Māori	Achieve	Achieved	Not applicable	Our website/ research
	Effective collaboration					
	Retirement policy issues are the focus of pan-sector government collaboration	Chair a senior officials' group across key government agencies to ensure retirement issues are considered across a range of policy settings	Achieve	Not Achieved	Not applicable	Meeting minutes and actions taken
		Chair an expert advisory group to help test options for systemic improvement to retirement settings	Achieve	Achieved	Not applicable	Meeting minutes and actions taken

³ Our strategic framework was substantially restructured in 2020: therefore few 2019/20 measures have been continued.

	Goal 2: Retirement Villages					
Long term goals and measures [SOI]	This year's objective	How we will measure progress	2021/22 target	2020/21 estimated actual	2019/20 actual	Verification source
	Trusted information					
<p>Maintain a competent and independent regulatory regime.</p> <p>Long term impact measure –</p> <p>An annual report provides insights that lead to constructive debate and change where required</p>	Retirement village monitoring and sector insights are readily available for stakeholders	Publish an annual report that monitors and discusses trends in the retirement villages sector, to extend the availability of independent public data	Achieve	Achieved	Not applicable	Our website/ research
		Deliver a final report to Government arising from the consultation process for the Retirement Villages White Paper issued in December 2020	Achieve	Not applicable	Not applicable	Our website/ research
	Impartial information about retirement villages, for current and future retirees, is well-targeted and widely available	Deliver public information through high quality, engaging online content plus webinar and written material as needed	Achieve	Not applicable	Not applicable	Webinar participant survey; public feedback
	Informed advocacy					
	Village residents and their families can access a disputes process	Provide residents and their families with informal advice on options for dispute resolution	Achieve	Achieved	Not applicable	Our website
		Approve the appointment of appropriate members to the formal Disputes Panel	Achieve	Achieved	Achieved	Our website
		Publish Disputes Panel decision summaries ⁴	Achieve	Achieved	Achieved	Our website

⁴ For more information see cfc.govt.nz/retirement-villages/complaints-and-disputes/disputes-panel-members-and-agencies

	Goal 3: Financial Capability					
Long term goals and measures [SOI]	This year's objective	How we will measure progress	2021/22 target	2020/21 estimated actual	2019/20 actual	Verification source
	Trusted information					
<p>Provide trusted and independent information about retirement-related matters to help New Zealanders retire with confidence.</p> <p>Long term impact measures –</p> <p>The National Strategy for Financial Capability has active partners working collaboratively and reports successful progress annually</p> <p>Sorted remains the market leader for independent information and is widely used</p> <p>Senior team members are recognised subject experts and are consulted regularly</p>	Broaden Sorted to focus on younger New Zealanders (18-35 years), specifically Māori, Pacific Peoples and women	Sorted website users find the website valuable to help manage their finances	Greater than 85%	Baseline established (85%)	Not applicable	Sorted User Survey (agree/strongly agree)
		Māori find the Sorted website valuable to help manage their finances	Greater than 85%	Baseline established (85%)	Not applicable	Sorted User Survey (agree/strongly agree)
		Pacific People find the Sorted website valuable to help manage their finances	Greater than 85%	Baseline established (85%)	Not applicable	Sorted User Survey (agree/strongly agree)
		Develop and execute a new approach for the Sorted website to serve younger Māori audiences better	Achieve	Not applicable	Not applicable	Internal plan and monitoring reports
		Test and evaluate two digital financial capability initiatives: one each for younger New Zealanders and women	Achieve	Not applicable	Not applicable	Internal plan and monitoring reports
		Plan and commence financial capability training to Pacific households via a partnership with the Ministry for Pacific Peoples ⁵	Achieve	Not applicable	Not applicable	Internal plan and monitoring reports; MPP reporting
		Percentage of secondary schools and Kura using Sorted in Schools	65%	62%	62% (target 35%)	NZCER independent audit
		Develop and launch a package of learning resources for Pacific secondary school students	Achieve	Not applicable	Not applicable	Internal plan and monitoring reporting
	Informed advocacy					
	Share financial capability insights and research with key stakeholders on a regular basis	Publish a substantial annual survey assessing NZers' financial capability and wellbeing that will track trends over time	Achieve	Not applicable	Not applicable	Our website
		Present well-received stakeholder webinars/seminars sharing new financial capability insights	2	Not applicable	Not applicable	Participant survey (agree/strongly agree)
	Effective collaboration					
	The National Strategy for Financial Capability is relevant and supported by the sector	Publish a short annual report analysing progress and identifying new initiatives	Achieve	Not applicable	Not applicable	Our website

⁵ 1,200 Pacific households by June 2025





Te hauora me ngā āheinga o te whakahaere

Organisational Health and Capability

We want to maintain a positive, supportive and productive workplace culture. To achieve this, we have formal good employer and personnel policies in place and are committed to equal opportunities. Harassment and discrimination have no place at Te Ara Ahunga Ora. Because of our small team size, we rely on our staff to be adaptable and highly capable.

Our measures are summarised in the table below.

Effective collaboration	Organisational health and capability performance measures			
Long term goal	This year's objective	2021/22 target	2020/21 estimated actual	2019/20 actual
A safe and healthy workplace for all staff	Workplace hazards are identified, reported and addressed	100% of hazards reported have a documented mitigation strategy	100% of hazards reported had a documented mitigation strategy	Not applicable
	At least one internal wellbeing initiative is undertaken	Achieve	Achieved	Not applicable
A high performing, engaged team aligned with our vision and mission	Engagement survey results show year on year improvement in the Employee Net Promoter Score indicator	+5	Baseline established (-11)	New measure (internal baseline data is -40)
	Engagement survey results show improvement in this indicator: <i>Employees feel well informed about the direction, strategy and activities for Te Ara Ahunga Ora</i>	Greater than 70%	Baseline established (79%)	Internal baseline: 28% agree
A collaborative culture where everyone's contribution is valued, and each team member is empowered to do a great job	A formal team member recognition programme is in place	Achieve	Achieved	Not applicable
Strengthened individual, leadership and organisational capability through career progression and professional development opportunities	An annual learning and development plan is in place for the organisation	Achieve	Achieved	New measure
	A cultural competency training programme improves our team's understanding of and responsibilities to Te Ao Māori	Achieve	Not applicable	Not applicable
Recruitment, training and remuneration policies and practices support us to attract and retain skilled, flexible and adaptable team players	Employee turnover is 15% or less each year	15% or less	19%	28.6%
	Salary benchmarking is conducted biennially to ensure employees are remunerated fairly	Achieve	Achieved	Not applicable

Verification source is regular HR reporting to the leadership team.

Tauākī matapae ahumoni **Forecast Financial Statements**



Tauākī Matapae Whiwhinga Whānui

Forecast statement of comprehensive income

as at 30 June 2022

	2021/22 Budget	2020/21 Budget	2020/21 Estimate
Revenue			
Crown revenue	9,302,000	8,662,000	9,273,100
Other revenue	170,000	220,000	223,660
Total revenue	9,472,000	8,882,000	9,496,760
Expenditure			
Personnel	5,020,696	4,928,000	4,968,347
Depreciation & amortisation	370,000	465,000	420,000
Other operating expenses	4,292,418	4,242,000	3,862,586
Total expenditure	9,683,114	9,635,000	9,250,933
Total comprehensive revenue and expense	(211,114)	(753,000)	245,827



Tauākī Matapae Tūnga Ahumoni

Forecast statement of financial position

as at 30 June 2022

	2021/22 Budget	2020/21 Budget	2020/21 Estimate
Current assets			
Cash and cash equivalents	420,886	517,952	683,014
Investments	2,000,000	1,000,000	2,000,000
Debtors and other receivables	151,418	171,502	156,469
Prepayments	31,432	25,000	31,432
Total current assets	2,603,736	1,714,454	2,870,915
Non-current assets			
Property, plant & equipment	279,795	290,000	339,795
Intangible assets	410,000	398,000	350,000
Total non-current assets	689,795	688,000	689,795
Total assets	3,293,531	2,402,454	3,560,710
Current liabilities			
Creditors and other payables	386,283	468,000	403,336
Employee entitlements	277,884	150,000	291,896
Other liabilities	124,297	0	149,297
Total current liabilities	788,464	618,000	844,529
Net assets	2,505,067	1,784,454	2,716,181
Equity			
Taxpayer Funds	200,000	200,000	200,000
Accumulated Surplus	2,305,067	1,584,454	2,516,181
Total equity	2,505,067	1,784,454	2,716,181

Tauākī Matapae Huringa Tūtanga

Forecast statement of changes in equity

For the year ending 30 June 2022

	2021/22 Budget	2020/21 Budget	2020/21 Estimate
Balance at 1 July	2,716,181	2,537,454	2,470,354
Total comprehensive revenue and expense for the year	(211,114)	(753,000)	245,827
Balance at 30 June	2,505,067	1,784,454	2,716,181

Forecast statement of cash flows

For the year ending 30 June 2022

	2021/22 Budget	2020/21 Budget	2020/21 Estimate
Cash flows from operating activities			
Cash was provided from:			
Receipts from the Crown	9,302,000	8,662,000	9,273,100
Receipts from other revenue	148,723	180,000	217,682
Interest received	25,000	43,000	17,738
	9,475,723	8,885,000	9,508,520
<i>Cash was applied to:</i>			
Payments to suppliers and employees	9,366,955	9,209,047	8,442,998
Net GST	896	130	10,060
	9,367,851	9,209,177	8,453,058
Net cash from operating activities	107,872	(324,177)	1,055,462
Cash flows from investing activities			
Cash was provided from:			
Receipts from sale of property, plant & equipment	0	0	1,760
Net receipts from investments	0	500,000	0
	0	500,000	1,760
Cash was applied to:			
Funds transferred to investments		0	300,000
Purchase of property, plant & equipment	80,000	125,000	345,631
Purchase of intangible assets	290,000	200,000	249,073
	370,000	325,000	894,704
Net cash flows from investing activities	(370,000)	175,000	(892,944)
Net increase (decrease) in cash and cash equivalents	(262,128)	(149,177)	162,518
Cash and cash equivalents at 1 July	683,014	667,129	520,496
Cash and cash equivalents at 30 June	420,886	517,952	683,014
Represented By:			
Cash and Cash Equivalents	420,886	517,952	683,014
Cash held at the end of the year	420,886	517,952	683,014



Tauākī Whakaaro Tūāpapa

Statement of Underlying Assumptions

Significant Assumption

The opening position of the forecast statements is based on unaudited results for 2020/21. The actual results for February to June 2021 are unavailable at the time of preparation; therefore, the balance as at 30 June 2021 has been estimated using February to June 2021 forecast figures.

Revenue from Crown Appropriations

Revenue from Crown Appropriations is consistent with the 2021/22 Estimates Appropriations.

Other Assumptions

The accrual basis of accounting has been used in the preparation of these forecast financial statements.

The budget reflects a staffing level of around 36 FTEs to meet the work programme with additional contractors being used for short term projects as required. There is a risk that forecast events and the associated income and expenditure do not occur.

Nature of Forecast Financial Statements

The forecast financial statements have been prepared as a best-efforts indication of Te Ara Ahunga Ora's future financial performance.

The forecast financial statements have been prepared in accordance with Tier 2 Public Benefit Entity (PBE) accounting standards and comply with PBE FRS 42 Prospective Financial Statements.

In the application of PBE FRS 42, management is required to make judgements, estimates, and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of PBE FRS 42 that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, if applicable, in the relevant notes to the financial statements.

Actual financial results achieved for the period covered are likely to vary from the information presented, potentially in a material manner.

Reporting Entity

Te Ara Ahunga Ora is the office of the Retirement Commissioner, an autonomous Crown Entity defined by the Crown Entities Act 2004. Te Ara Ahunga Ora is domiciled in New Zealand, and its ultimate parent is the New Zealand Crown. The Retirement Commissioner is appointed under the New Zealand Superannuation and Retirement Income Act 2001 and the Crown Entities Act 2004. The current Retirement Commissioner was appointed on 10 February 2020 for a term of three years.

Te Ara Ahunga Ora's role is set out in the New Zealand Superannuation and Retirement Income Act 2001, and the Retirement Villages Act 2003. Our statutory responsibilities include:

- Developing and promoting methods to improve New Zealand's retirement policy settings
- Monitoring the effects of retirement policies on retirees
- Conducting a three-yearly review of retirement policies
- Promoting education, and publishing information about financial matters
- Collecting and publishing information to fulfil our functions
- Monitoring the effectiveness of financial dispute resolution schemes; and
- Monitoring the effects of the retirement villages legislation.

Basis of preparation

Statement of Compliance and Measurement Base

The forecast financial statements for the Te Ara Ahunga Ora have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The forecast financial statements have been prepared on a historical-cost basis for a going concern in accordance with the Tier 2 Public Benefit Entities (PBE) Accounting Standards Reduced Disclosure Regime (PAS RDR). Te Ara Ahunga Ora qualifies for PAS RDR reporting as it is not publicly accountable and has expenses greater than \$2m but less than \$30m.

Presentation Currency

The forecast financial statements are presented in New Zealand dollars, and all values are rounded to the nearest dollar. The functional currency is New Zealand dollars.

Use of Estimates and Judgements

In preparing these forecast financial statements to conform with PBE FRS 42, management is required to make judgements, estimates, and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. Te Ara Ahunga Ora has made estimates and assumptions concerning the future, based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, if applicable, in the relevant notes to the financial statements.



Significant accounting policies

The following significant accounting policies, which materially affect the measurement of the forecast financial performance and financial position, have been applied.

Revenue

Crown Revenue

Revenue from the Crown is recognised as revenue when earned and is reported in the financial period to which it relates. Revenue is measured at the fair value of consideration received or receivable.

Te Ara Ahunga Ora has been provided with funding from the Crown for specific purposes as set out in its founding legislation and the scope of a single Government appropriation. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to Government funding.

Te Ara Ahunga Ora also receives other revenue from Crown entities to contribute towards the development, project management, execution and evaluation of various programmes and initiatives.

Other Revenue

Te Ara Ahunga Ora receives other revenue from non-Crown entities to contribute towards the development, project management, execution and evaluation of various programmes and initiatives.

Interest Revenue

Interest revenue is recognised using the effective interest method.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Statement of Cash Flows

The Statement of Cash Flows is prepared exclusive of GST, which is consistent with the method used in the Statement of Comprehensive Revenue and Expenses.

Definitions of the terms used in the Statement of Cash Flows

‘Cash and cash equivalents’ includes coins and notes, demand deposits and other highly liquid investments readily convertible into cash, and includes at-call borrowings such as bank overdrafts, used by Te Ara Ahunga Ora as part of its day-to-day cash management.

‘Operating activities’ include all transactions and other events that are not investing or financing activities.

‘Investing activities’ are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.

‘Financing activities’ are those activities relating to changes in equity of the entity.

Debtors and Other Receivables

Debtors and other receivables, comprising trade debtors, accrued interest and GST receivable are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Impairment of a receivable is established when there is objective evidence that we will not be able to collect amounts due according to the original terms of the receivable.

Property, Plant and Equipment and Intangible Assets

Property, Plant and Equipment

Property, plant and equipment asset classes consist of office equipment, furniture and fittings, computer equipment, and leasehold improvements. Property, plant and equipment are shown at cost or valuation, less any accumulated depreciation and impairment losses.

Additions and Disposals

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to Te Ara Ahunga Ora and the cost of the item can be measured reliably. If an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the forecast Statement of Comprehensive Revenue and Expenses.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Te Ara Ahunga Ora and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised as an expense in the forecast Statement of Comprehensive Revenue and Expenses as they are incurred.

Depreciation

Depreciation is calculated on a straight-line basis on property, plant and equipment once in the location and condition necessary for its intended use so as to write off the cost or valuation of the property, plant and equipment over their expected useful life to their estimated residual value.

The following estimated useful lives and rates are used in the calculation of depreciation:

Office equipment	2.8 – 10.4 years	9.6%–36.0%
Furniture and fittings	3.3 – 11.8 years	8.5%–30.0%
Computer equipment	1.33 – 5.8 years	17.5%–75.42%
Leasehold improvements	4.7 – 16.7 years	6.0%–21.0%
Telecommunications	3.3 years	30.0%

Intangible Assets

Software Acquisition

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Software is a finite life intangible and is recorded at cost less accumulated amortisation and impairment.

Website Development

Costs that are directly associated with interactive aspects of the Sorted websites are capitalised on an annual basis.

Costs associated with maintaining and advertising Te Ara Ahunga Ora's and Sorted websites are recognised as an expense in the forecast Statement of Comprehensive Revenue and Expenses as incurred.



Amortisation

Amortisation is charged on a straight-line basis over the estimated useful life of the intangible asset.

The following estimated useful lives and rates are used in the calculation of amortisation:

Software	2.5 years	40.0%
Websites	2.5 – 3.3 years	30-40.0%

Impairment

Property, plant and equipment and intangible assets that have finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Given that the future economic benefits of Te Ara Ahunga Ora's assets are not directly related to the ability to generate net cash flows, the value in use of these assets is measured on the basis of depreciated replacement cost.

An impairment loss is recognised in the Statement of Comprehensive Revenue and Expenses whenever the carrying amount of an asset exceeds its recoverable amount. Any reversal of impairment losses is also recognised in the Statement of Comprehensive Revenue and Expenses.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured as the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Any increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'.

Goods and Services Tax

All items in the forecast financial statements are exclusive of goods and services tax (GST), except for receivables and payables which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of current assets or current liabilities in the Statement of Financial Position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

Te Ara Ahunga Ora is a public authority, and consequently is exempt from the payment of income tax under the Income Tax Act 2007. Accordingly, no provision has been made for income tax.

Creditors and Other Payables

Creditors and other payables, comprising trade creditors and other accounts payable, are recognised when Te Ara Ahunga Ora becomes obliged to make future payments resulting from the purchase of goods and services.

Employee benefits

Short-term employee entitlements, including holidays, are recognised as an expense over the period in which they accrue.

Entitlements that are due to be settled within 12 months after the end of the period in which the employee renders the related service are accrued based on the higher of current, or the rolling twelve months' average, rate of pay.

Superannuation Schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the Statement of Comprehensive Revenue and Expenses as incurred.

Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to Te Ara Ahunga Ora are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the forecast Statement of Comprehensive Revenue and Expenses.

Cost Allocation Policy

Te Ara Ahunga Ora attributes all direct and indirect costs to a single output class – Retirement Services.



He Mahere Tāngata Directory

Our team (as at June 2021)

Jane Wrightson – Retirement Commissioner

Dr Kathie Irwin (Ngāti Porou, Rakaipaaka, Ngāti Kahungunu) – Kaihautū /Director Māori Development

Dr Suzy Morrissey – Director, Policy

Dr Celestyna Galicki – Research Lead

Dr Michelle Reyers – Retired Persons Lead

Rachel Beckett – National Partnerships Lead

Nick Thomson – Director, Financial Capability

Tista Lythe – Learning Development Lead

Marina Kawe-Peautolu (Ngāti Ranginui, Ngāti Kahungunu, Ngāi Tahu) – Kaitakawaenga/Learning Designer MME

Su Min Ahn – Learning Designer EME

Tania Vercoelen – Learning Development Specialist

Liline Hewett – Project Specialist – Pacific

Kate Reddington – Sorted Website Lead

Marc Harris – Learning Delivery Lead

Jill MacDonald – Learning Specialist Schools

Erin Thompson (Tainui, Te Arawa, Ngāi Tāmanuhiri) – Kaikōkiri/Learning Specialist – Kura

Ana Tu'inukuafe – Relationship Specialist – Communities

Paul Nicolini – Learning Delivery Administrator

Lyndsey Francis – Director, Marketing

Kelly Phillips – Marketing & Content Lead

Hannah Merceanu – Digital Marketing Specialist

Abigail Kerr – Graphic Designer

Jason Gambitsis – Digital Assets Lead

Tom Maden – Data and Analytics Specialist

Morgan Martin – Web Administrator

Estelle Sarney – Director, Communications

Tom Hartmann – Personal Finance Lead

Lucinda Haworth – Communications Specialist

Nisha Keetels (Ngāti Raukawa, Tuhoe) – Director, Corporate Services

Gemma Fulton – Finance Lead

Shristi Singh – Assistant Accountant

Kristy Allan – People Lead

Nick Beard – Business Lead

Rebecca Jenner – Governance Administrator

Minna Birch – Business Administrator

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